



House of Representatives

File No. 753

General Assembly

January Session, 2017

(Reprint of File No. 507)

Substitute House Bill No. 7186
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 11, 2017

AN ACT REVISING CERTAIN STATUTES CONCERNING THE STATE COMPTROLLER.

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. Section 5-262 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) As used in this section:

4 (1) ["Federation" means a legally constituted grouping of not less
5 than five affiliated nonprofit charitable member organizations that are]
6 "Charitable organization" means (A) a nonprofit organization exempt
7 from taxation under Section 501(c)(3) of the Internal Revenue Code of
8 1986, or any subsequent corresponding internal revenue code of the
9 United States, as from time to time amended, [conducting a single,
10 annual, consolidated effort to secure funds for distribution to its
11 member agencies] that is engaged in charitable and public health,
12 welfare, environmental, conservation or service purposes, or (B) a
13 legally constituted grouping of such organizations.

14 (2) ["Principal combined fund-raising organization" means a
15 federation,] "Third-party administrator" means any charitable
16 organization or consultant [, as described in subdivision (2) of
17 subsection (c) of this section, that is] that may be selected by the State
18 Employee Campaign Committee to administer the State Employee
19 Campaign, [under the direction and control of said committee.]

20 (3) "State Employee Campaign" means an annual campaign to raise
21 funds from state employees for charitable and public health, welfare,
22 environmental, conservation or service purposes.

23 (b) (1) There is established a State Employee Campaign Committee
24 consisting of: The Comptroller, or the Comptroller's designee; the
25 Commissioner of Administrative Services, or the commissioner's
26 designee; the executive director of the Joint Committee on Legislative
27 Management, or the executive director's designee; ten state employees
28 appointed in accordance with subdivision (2) of this subsection; and
29 two retired state employees, one appointed by the Governor and one
30 appointed by the Comptroller, [; one nonvoting representative from
31 each participating federation; and one nonvoting representative from
32 the principal combined fund-raising organization selected pursuant to
33 subdivision (3) of subsection (c) of this section.] Not more than one
34 state employee from any state agency shall be appointed to the
35 committee. All [voting] members of the State Employee Campaign
36 Committee and their successors shall serve in accordance with the
37 provisions of section 4-1a. The committee shall select one of its [voting]
38 members to serve as chairperson.

39 (2) The ten state employee members of the State Employee
40 Campaign Committee shall be appointed as follows: Four by the
41 Governor, two of whom shall be representatives of organized labor;
42 one by the speaker of the House of Representatives; one by the
43 majority leader of the House of Representatives; one by the minority
44 leader of the House of Representatives; one by the president pro
45 tempore of the Senate; one by the majority leader of the Senate; and
46 one by the minority leader of the Senate.

47 (c) (1) The State Employee Campaign Committee shall be
48 responsible for (A) the overall coordination of the State Employee
49 Campaign, [selection of participating federations and] (B) approval of
50 campaign materials to be used for the State Employee Campaign, and
51 [(B) the selection and supervision of a principal combined fund-raising
52 organization to administer the State Employee Campaign] (C)
53 ensuring compliance by charitable organizations with the regulations
54 adopted by the office of the Comptroller in accordance with chapter
55 54, pursuant to subsection (g) of this section.

56 [(2) Each federation, charitable organization or consultant
57 submitting an application to become the principal combined fund-
58 raising organization for the State Employee Campaign shall
59 demonstrate that such federation, charitable organization or consultant
60 (A) has prior workplace campaign experience, including, but not
61 limited to, (i) the development of financial procedures for processing
62 and tracking contributions and expenditures, and (ii) conducting
63 campaign operations such as a kick-off and other events for the State
64 Employee Campaign, (B) has staff necessary to administer the State
65 Employee Campaign, and (C) will administer the State Employee
66 Campaign equitably and fairly.

67 (3) If two or more federations, charitable organizations or
68 consultants submit an application to become the principal combined
69 fund-raising organization for the State Employee Campaign, the State
70 Employee Campaign Committee shall, through a competitive process,
71 select the lowest responsible qualified bidder, as defined in subsection
72 (a) of section 4a-59. If only one federation, charitable organization or
73 consultant submits such an application and meets the qualifications
74 prescribed in subdivision (2) of this subsection, the State Employee
75 Campaign Committee shall select such federation, charitable
76 organization or consultant to become the principal combined fund-
77 raising organization.]

78 [(4)] (2) The Comptroller, on behalf of the State Employee Campaign
79 Committee, [shall] may contract with [the selected principal combined

80 fund-raising organization] a third-party administrator to administer
81 the State Employee Campaign, provided any such third-party
82 administrator shall be selected in accordance with the written
83 procedures for entering into personal service agreements established
84 by the Comptroller pursuant to subsection (b) of section 4-217.

85 [(d) (1) Any federation that did not participate in the most recently
86 completed State Employee Campaign and wishes to participate in the
87 next State Employee Campaign shall apply to the State Employee
88 Campaign Committee not later than January fifteenth after the most
89 recently completed State Employee Campaign for approval to
90 participate in the next State Employee Campaign. Such application
91 shall contain information required by regulations adopted by the office
92 of the Comptroller in accordance with chapter 54, pursuant to
93 subsection (h) of this section. The committee shall review such
94 application and notify the federation of the committee's decision not
95 later than May fifteenth. If a federation's application is denied, such
96 federation may appeal the decision of the committee in accordance
97 with the procedures set forth in such regulations adopted by the office
98 of the Comptroller.

99 (2) On or before January fifteenth, each federation which
100 participated in the most recently completed State Employee Campaign
101 and wishes to participate in the next State Employee Campaign shall
102 submit to the State Employee Campaign Committee a letter of intent to
103 participate in the next State Employee Campaign. On or before April
104 fifteenth, each such federation shall apply to the State Employee
105 Campaign Committee for approval to participate in the next State
106 Employee Campaign. Such application shall contain information
107 required by regulations adopted by the office of the Comptroller in
108 accordance with chapter 54, pursuant to subsection (h) of this section.
109 The committee shall review such application and notify the federation
110 of the committee's decision not later than May fifteenth. If a
111 federation's application is denied, such federation may appeal the
112 decision of the committee in accordance with the procedures set forth
113 in such regulations adopted by the office of the Comptroller.]

114 [(e)] (d) The Comptroller, upon written request of any state officer
115 or employee, shall deduct, each pay period, from the salary or wages
116 of such officer or employee the amount of money designated by such
117 officer or employee for payment to the [participating federation or
118 federations] charitable organization indicated by the officer or
119 employee. Upon collecting such deductions, the Comptroller shall
120 transmit them to [the principal combined fund-raising organization]
121 such charitable organization, or the third-party administrator selected
122 pursuant to subdivision [(3)] (2) of subsection (c) of this section, if
123 applicable, together with a list of officers and employees contributing
124 to each [federation or such federation's member agencies] charitable
125 organization, provided the identity of any officer or employee who has
126 communicated in writing that such employee or officer desires to
127 remain anonymous shall not be so transmitted. [Such principal
128 combined fund-raising organization] Any such third-party
129 administrator shall, each month after receiving funds from the
130 Comptroller, distribute the funds [among the other federations for
131 further distribution to the member agencies of the federations] to the
132 charitable organizations.

133 [(f) Prior to the annual commencement of the State Employee
134 Campaign, the principal combined fund-raising organization shall
135 submit for the approval of the State Employee Campaign Committee
136 an itemized budget of anticipated administrative expenses, which
137 budget shall not include campaign expenses. Following the annual
138 conclusion of the State Employee Campaign, the principal combined
139 fund-raising organization shall recover an amount not to exceed one
140 hundred ten per cent of its preapproved actual administrative
141 expenses from the gross payroll deduction receipts of the campaign in
142 accordance with procedures set forth in regulations adopted by the
143 office of the Comptroller, pursuant to subsection (h) of this section.
144 Undesignated funds raised through the campaign shall be distributed
145 among the participating federations in proportion to the amount of
146 funds designated for each federation.]

147 (e) The State Employee Campaign Committee shall (1) adopt a

148 policy to withhold from its disbursements to participating charitable
149 organizations not more than fifteen per cent of gross receipts from all
150 payroll deductions for all administrative expenses of the committee,
151 the office of the State Comptroller or any third-party administrator
152 selected by the committee, and (2) justify amounts withheld from such
153 disbursements based on such policy.

154 [(g)] (f) Not later than March first annually, the [principal combined
155 fund-raising organization] State Employee Campaign Committee shall
156 submit to the Auditors of Public Accounts for audit a financial report
157 of [such principal combined fund-raising organization's activities
158 relating to] the State Employee Campaign payroll deductions made
159 during the previous calendar year. [The principal combined fund-
160 raising organization shall submit a copy of such financial report to the
161 office of the Comptroller.]

162 [(h)] (g) The Comptroller shall (1) adopt regulations in accordance
163 with the provisions of chapter 54 to establish the process for
164 participation in the State Employee Campaign by charitable
165 organizations and carry out the purposes of this section, (2) exercise
166 general supervision over all operations of the State Employee
167 Campaign and take any steps necessary to ensure achievement of
168 campaign objectives, and (3) have the authority, for purposes of
169 compliance with this section and any regulations adopted pursuant to
170 this section, to audit, investigate and report on the administration of
171 the State Employee Campaign [, the principal combined fund-raising
172 organization that administers the campaign and any federation or
173 federation member organization that participates in] and any third-
174 party administrator selected to administer the campaign.

175 [(i)] (h) Not later than July 1, 2016, and not later than April first
176 annually thereafter, the State Employee Campaign Committee shall
177 conduct a comprehensive review of the State Employee Campaign and
178 submit to the Governor, the Comptroller and the General Assembly, in
179 accordance with section 11-4a, a report on the results of the most
180 recently completed State Employee Campaign and recommendations

181 for improvements in the next State Employee Campaign.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	5-262
-----------	---------------------	-------

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill does not result in a cost to the state or municipalities. The bill makes various changes to the administrative structure and operating procedures of the Connecticut State Employees' Campaign for Charitable Giving (CSEC), including allowing the State Comptroller to contract with a third party administrator to administer the program. Any costs associated with administration of the CSEC are payable out of contributions from employees.

House "A" made an administrative change to the operating procedures of the Connecticut State Employees' Campaign for Charitable Giving (CSEC) regarding the selection of a third party administrator which did not result in a fiscal impact.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**HB07186 (as amended by House "A")******AN ACT REVISING CERTAIN STATUTES CONCERNING THE STATE COMPTROLLER.*****SUMMARY**

This bill makes several changes to the statutes governing the Connecticut State Employees Campaign for Charitable Giving (CSEC), which is overseen by the State Employee Campaign Committee and the state comptroller. Generally, it revamps the campaign's administrative structure by, among other things, doing the following:

1. changing the campaign's administering entity from a "principal combined fundraising organization" (PCFO) to a "third party administrator";
2. making the committee's use of an administering entity optional, rather than mandatory, and modifying statutory requirements concerning the process for selecting an administering entity;
3. eliminating statutory requirements concerning the process for selecting other participating organizations;
4. requiring the committee to adopt a policy of limiting administrative expenses to 15% of gross receipts from all payroll deductions; and
5. transferring, from the PCFO to the committee, the requirement to annually submit to the Auditors of Public Accounts a financial report of CSEC payroll deductions made during the previous calendar year.

The bill also makes technical and conforming changes.

*House Amendment "A" specifies the procedures that the comptroller must follow when selecting a third party administrator.

EFFECTIVE DATE: Upon passage

ADMINISTERING ENTITY AND PARTICIPATING ORGANIZATIONS

The bill makes the committee's use of an administering entity optional, rather than mandatory. It also revises certain definitions associated with the administering entity, as shown in Table 1.

Table 1: Terminology Associated With Administering Entity

<i>Current Law</i>	<i>The Bill</i>
Committee must select a "PCFO"	Committee may select a "third party administrator"
A PCFO is a federation, charitable organization, or consultant	A third party administrator is a charitable organization or consultant
A "federation" is a legally constituted grouping of at least five affiliated 501(c)(3) organizations conducting a single, annual, consolidated effort to secure funds for distribution to its member agencies	A "charitable organization" is a 501(c)(3) organization or a legally constituted grouping of such organizations

The bill makes a conforming change to the State Employee Campaign Committee's composition by eliminating representatives of the PCFO and each participating federation, all of whom are currently nonvoting members.

Selection of Administrator

Under current law, the committee must select the PCFO through a competitive process and supervise its activities. Among other things, current law requires that the PCFO have experience (1) developing procedures for processing and tracking contributions and expenditures and (2) conducting CSEC operations and events.

The bill eliminates these requirements and instead allows the comptroller to contract with an administrator on the committee's behalf. If the comptroller does so, he must follow written procedures

that existing law requires him to establish for entering into personal service agreements (PSAs). These procedures must follow standards established by the Office of Policy and Management secretary that address, among other things, (1) evaluating the need for a PSA and developing a request for proposals, (2) evaluating submitted proposals and selecting a contractor, and (3) monitoring and evaluating contractor performance (CGS § 4-217).

Selection of Participating Organizations

The bill allows charitable organizations to participate in the CSEC without affiliating with other nonprofit organizations. Under current law, charitable organizations seeking to participate in the CSEC, unless acting as the PCFO, must do so through a federation (i.e., a group of at least five affiliated 501(c)(3) organizations).

The bill eliminates provisions in current law that establish certain procedures and deadlines for selecting participating federations. Among other things, current law (1) establishes January 15 as the deadline for federations to apply to participate in the campaign, or indicate their intent to continue participating if they are already part of it, and (2) requires the committee to notify a federation of its decision by May 15. Current law also allows a federation to appeal if its application is denied.

The bill does not establish comparable procedures for selecting participating charitable organizations, nor does it specify who makes the selections. Rather, it requires (1) that regulations adopted by the comptroller establish the process for campaign participation by charitable organizations and (2) the committee to ensure that charitable organizations comply with these regulations.

Oversight by Comptroller

Current law allows the comptroller, for purposes of compliance with the CSEC laws and regulations, to audit, investigate, and report on CSEC administration, the PCFO, and any federation or federation member organization participating in the campaign. The bill instead

allows the comptroller to take these actions with respect to CSEC administration and the third party administrator, but does not extend this authority to other participating charitable organizations.

ADMINISTRATIVE EXPENSES

The bill requires the committee to adopt a policy to withhold from its disbursements to charitable organizations up to 15% of gross receipts from all payroll deductions. The withholding is for the committee's, comptroller's, or third party administrator's administrative expenses. The committee must justify amounts withheld from the disbursements based on the policy.

The bill replaces provisions in current law that require the PCFO to (1) submit an itemized budget of anticipated administrative expenses to the committee for its approval and (2) recover up to 110% of its preapproved actual administrative expenses. It also eliminates a provision in current law requiring that undesignated funds raised during the campaign be distributed proportionally among participating federations.

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable

Yea 17 Nay 0 (03/24/2017)